

VZCZCXRO3271  
OO RUEHDBU RUEHFL RUEHKW RUEHLA RUEHNP RUEHROV RUEHSR  
DE RUEHPS #0216/01 1591444  
ZNY CCCCC ZZH  
O 081444Z JUN 09  
FM AMEMBASSY PRISTINA  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 9023  
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE PRIORITY  
RUEHNO/USMISSION USNATO PRIORITY 1164  
RUFOADA/JAC MOLESWORTH RAF MOLESWORTH UK PRIORITY  
RUCNDT/USMISSION USUN NEW YORK PRIORITY 1674  
RHFMISS/AFSOUTH NAPLES IT PRIORITY  
RHMFISS/CDR TF FALCON PRIORITY  
RHEFDIA/DIA WASHDC PRIORITY  
RUEKJCS/SECDEF WASHINGTON DC PRIORITY  
RUEPGEA/CDR650THMIGP SHAPE BE PRIORITY  
RHEHNSC/NSC WASHDC PRIORITY  
RUEAWJA/DEPT OF JUSTICE WASHDC PRIORITY  
RUZEJAA/USNIC PRISTINA SR PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 PRISTINA 000216

SIPDIS

DEPT FOR DRL, INL, EUR/SCE  
NSC FOR HELGERSON

E.O. 12958: DECL: 06/05/2019  
TAGS: [PGOV](#) [PINR](#) [PREL](#) [EAID](#) [KV](#) [UNMIK](#)  
SUBJECT: KOSOVO: PROGRESS ON ELECTRICITY FOR SERB  
ENCLAVES, CONTINUED FRICTION OVER GOS VISITS TO KOSOVO

REF: PRISTINA 146

Classified By: Ambassador Tina S. Kaidanow for Reasons 1.4 (b), (d).

¶1. (C) SUMMARY. We have seen significant progress towards reaching a comprehensive solution to the problem of Kosovo Serbs and the electricity supply. As of June 2, thanks to sustained effort by the Embassy and USAID Kosovo, every Kosovo Serb village south of the Ibar river - with the exception of the larger enclaves of Gracanica and Strpce - had signed agreements with the Kosovo Energy Corporation (KEK) to regularize their consumer relationships, pay their electric bills, and receive better service in return. KEK and USAID Kosovo representatives continue to discuss the issue with the Serbian Ministry for Kosovo (MOK) and Serbian electrical utility EPS, with an eye towards finding a way to implement "community billing" in Gracanica, Strpce, and Serb-majority northern Kosovo. We are told that the Serbian government is finalizing a proposal by which a commercial entity registered in Kosovo would provide billing, repair, and other services (but not large-scale distribution and/or production of electricity) in larger Serb-majority areas.

¶2. (C) (Summary, cont'd) The absence of politicization has been one of the key factors enabling progress on electricity. This stands in marked contrast to the problems surrounding the question of high-level, official GoS visits to Kosovo, which have inflamed tensions and could -- if further escalation occurs -- cause the GOK to take countermeasures against even low-level Serbian officials operating in Kosovo who are our primary interlocutors on the electricity issue and other practical questions. END SUMMARY.

Villages Covered, Larger Enclaves Next

¶3. (C) As of June 2, all the Kosovo Serb villages south of the Ibar river - with the exception of the larger enclaves of Gracanica and Strpce - had regularized customer relationships (and billing) with KEK. As reported reftel, so long as each area continues to pay every month for 12 months, any issues connected to past unpaid debt will effectively be frozen. Given the large size of Gracanica, Strpce, and Serb-majority northern Kosovo, the GoS officials who have engaged KEK and PA Consulting (the USAID contractor which provides management assistance to KEK) on this issue have insisted that a "community billing" program be implemented in these areas.

The basic concern (which we share) has been that Serbs living in these places would resist interacting with KEK, and more specifically that Serb hardliners could threaten KEK employees or otherwise cause trouble. The community billing plan would entail Serbian utility EPS working with an energy-trading firm in Kosovo and, in effect, subcontracting some EPS employees in Kosovo to a new commercial entity which would provide billing, repair, and other electrical services in the larger enclaves.

14. (C) On June 2, GOS Assistant Minister for Kosovo Dragan Petkovic told us that the GOS had formed a working group which included members of the MOK, the Serbian Ministries of Energy and Finance, and other actors. Petkovic said that the GOS understands that such an entity needs to register in Kosovo, pay any fees or taxes required, and operate under Kosovo law. Referring to recent articles in the press, in which MOK State Secretary and head of the Coordination Center for Kosovo (CCK) Zvonko Stevic had denounced the electricity agreement, Petkovic said that "some elements" in Serbia were against cooperation, but he claimed they were in the minority and lacked the influence to affect the course of events.

#### Vexing Visits

15. (C) Though a valued interlocutor on the electricity issue, Petkovic -- ultimately responsible to MOK Minister Bogdanovic -- has complained to us about the Kosovo government's visit policy, which has recently prevented high level GOS officials, and particularly Bogdanovic himself, from entering Kosovo on official visits. We told Petkovic

PRISTINA 00000216 002 OF 002

that continued attempts by the GOS to apply for entry, in particular by Bogdanovic, would only lead to more conflict with the Kosovo government without any benefit to Kosovo Serbs or the international community's efforts to help them. Bogdanovic's most recent visits - one to open a Serbian post office in Gracanica and one unauthorized official visit to northern Kosovo during which he met with Serb demonstrators in the conflict-ridden area of Brdjani/Kroi i Vitakut, not to mention his travel to Mitrovica on Kosovo's first independence anniversary - have had a sovereignty-asserting flavor that makes him anathema to the Kosovo government.

16. (C) We advised Petkovic that unannounced, informal visits by lower ranking GOS officials could help the GoS deliver assistance to Kosovo Serbs and check hardline impulses within the Serb community without drawing media attention or irritating Kosovo authorities. Otherwise, we cautioned, the GOK might begin to clamp down on lower-level Serbian functionaries operating in Kosovo; Petkovic himself - who is from Kosovo and lives here - was recently refused entry given his association with the MOK, and was only allowed through after U.S. Embassy intercession.

#### COMMENT: Pushing Ahead

17. (C) We are guardedly optimistic about the prospects of a long-term comprehensive solution to the electricity problem. To the extent that EPS and the GOS can accept certain realities about electricity in Kosovo - most importantly the need to register in Pristina - chances are good that all the Serbs south of the Ibar will become paying customers by the end of the summer. We will continue to work with all sides to bring this issue to a successful conclusion. This will not only improve the daily lives of Kosovo Serbs, but allow greater interaction -- and perhaps greater understanding -- between the Serb community here and the Kosovo authorities.

18. (C) The absence of politicization has been one of the key factors enabling progress on electricity. This stands in marked contrast to the problems surrounding the visits policy. In our view, continued efforts to compel the GOK to allow high-level GoS visitors to enter Kosovo will only prove

counterproductive and will likely lead to more travel restrictions on a broader group of GoS actors, some of whom have been useful interlocutors.

KAIDANOW